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IN THE PRIVY COUNCIL

No. 5 of 1980.

ON APPEAL FROM THE SUPREME COURT OF NEW SOUTH WALES

EQUITY DIVISION IN PROCEEDINGS NO. 1682 OF 1977

CADBURY-SCHWEPPE'S PTY. LIMITED

TARAX DRINKS HOLDINGS LIMITED

TARAX DRINKS PTY. LIMITED

TARAX PTY. LIMITED

Appellants (Plaintiffs)

THE PUB SQUASH CO. PTY. LIMITED

Respondent (Defendant)

CASE FOR THE APPELLANTS

SOLICITORS FOR THE APPELLANTS

Sly & Russell,
60 Margaret Street,
SYDNEY.

By their Agents:

Stephenson and Harwood,
Saddlers' Hall,
Gutter Lane,
LONDON, DC 2V 6BS U.K.

SOLICITORS FOR THE RESPONDENT

Duffield & Duffield,
75 Miller Street,
NORTH SYDNEY.

By their Agents:

Slaughter & May,
35 Bassinghall Street,
LONDON, EC2V 5DB U.K.

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A. CIRCUMSTANCES OUT OF WHICH APPEAL ARISES

1. The Order Appealed From. This appeal is from a judgment of the Supreme Court of New South Wales in its Equity Division pronounced on 8th August, 1978. By that judgment the Court (Powell J.) dismissed proceedings instituted by the appellants against the respondent in which they sought in the alternative damages or an account of profits and other relief in consequence of the respondent's activities in marketing a lemon squash style of soft drink under the name of "Pub Squash" or "Pub Soda Squash" (hereinafter referred to as "Pub Squash").

2. Short Statement of Nature of Case. The appellants claimed that they had conceived and carried out a programme for manufacturing advertising and selling a lemon drink under the name of "Solo Lemon Drink" in a way not previously done in Australia; that they had devoted much time and effort to the venture and had spent very large amounts of money, particularly in various forms of advertising, featuring the slogan "One of those great lemon squashes like the Pubs used to make". The appellants further claimed that their venture had been very successful, and that the respondent had deliberately and wrongfully set out to take advantage of their effort, their expenditure, their slogan and their success, by marketing a similar lemon

drink in a get up and with a name, Pub Squash, that would lead possible purchasers of soft drink to believe that in purchasing the respondent's lemon drink they were purchasing the lemon drink which was manufactured advertised and sold by the appellants and that this object was achieved by the respondent causing damage and loss of profit to the appellants.

3. The appellants' claim was in substance that the respondents were guilty of an actionable wrong of unfair trading. In the Statement of Claim and in submissions before Powell J. it was contended that this wrong had either taken the form of what is generally described as "passing off" or, alternatively, could simply be described as unfair trading or unfair competition.

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4. In his judgment Powell J. treated passing off and unfair trading quite separately. In regard to passing off he first stated what he considered to be the relevant principles and then applied them to what he found to be the relevant facts. Then he did the same in regard to unfair trading. In this connection and in order to make all such findings of fact as were relevant to what the appellants contended were the elements of unfair trading he made findings of fact additional to those to which he had referred in his judgment on passing off.

	658-673
	694-732
	664-673

5. The appellants accept the correctness of the primary

factual findings made by the Judge. However, what his Honour did was to consider facts which he thought relevant to unfair competition separately from facts which he thought related to passing off. Had he taken his findings in regard to unfair competition into account when considering the question of passing off, he must have come to different conclusions from those which he reached.

6. Summary Statement of Powell J.'s findings and reasons for finding against appellants. The respondent contended (much of the time at the trial being taken up by the issues so raised) and Powell J. expressly found to the contrary, that it and its officers had acted, at all times, with the utmost propriety and in ignorance (until a time after it was committed to 682 launching its own product) of the appellants' adver- 714 tising campaign and of the slogan in question. Indeed, his Honour found that the respondent after 725 becoming aware of the successful launch of "Solo" and of the advertising campaign associated with it, set 733 out in a deliberate and calculated fashion to take advantage of the appellants past efforts and anticipated future efforts in developing a market for a product such as "Solo", and that in particular the respondent, by its officers, sought to copy or approximate the formula for "Solo" and chose a product

name and package for the respondent's product derived from and intended to gain the benefit of the appellants' past and anticipated advertising campaign and the appellants' package for their product.

7. However, his Honour:
- (a) held that the facts referred to in paragraph 6 did not of themselves found a basis for any relief; 733
- (b) was not satisfied that the slogan in question was associated in the minds of the public with "Solo" nor that the get up of the Respondent's product, taken alone was so similar to that of the appellants as to be deceptive and, thus, dismissed the claim for passing off. 667 669-673
8. Primary Facts Found.* In 1973 the appellants conceived the idea of developing and promoting a new flavour of soft drink as an alternative to Cola, which was then the dominant soft drink flavour on the Australian market. 618
9. The new product selected by the appellants was a lemon squash style of soft drink and the appellants' product development staff were commissioned to produce a "packaged lemon squash just like the pubs used to make". 618 621

*Paragraphs 8 to 32 summarize and combine Powell J's findings (using his own words so far as practical) in relation to both passing off and unfair trading.

10. The appellants decided to package the new product in cans and bottles "got up" in a manner different from that then commonly in use in connection with soft drinks in Australia but in a manner which was intended to create "adult" association and produce a "Beer" feeling. 619
11. The product thus produced was called "Solo".
12. In December 1973 "Solo" lemon drink was "launched" and sold in the States of Victoria and Queensland and in southern New South Wales. 623-625
13. Advertising material circulated to retailers and others in connection with the launch of "Solo" in all probability contained a brochure containing the words: 624
MARKET RESEARCH PROVED a need for a lemon drink just like the old time PUB SQUASH ... Great product, research proven ... just like the old pub squash
14. "Solo" was extensively advertised on television and on radio at the time of the launch in Victoria, Queensland and southern New South Wales. 624-625
15. Both television and radio commercials advertised "Solo" lemon drink in association with the slogan "those great lemon squashes that the pubs used to make". 622-623

16. By May or June of 1974 the appellants had decided that the limited launch of "Solo" in Victoria and Queensland had been successful and that a national "launch" should commence at about the beginning of Spring of 1974 (September). 626
17. The national launch of "Solo" commenced in September of 1974 and was accompanied by radio and television advertising in New South Wales and other States; the brochure referred to in paragraph 13 was probably distributed to retailers in New South Wales; the intensive advertising programme was maintained and in some respects intensified; there was continuing emphasis in the appellants' television and radio commercials upon "those great lemon squashes the pubs used to make" and during 1975 both radio and television advertisements maintained the theme "one of those great lemon squashes the pubs used to make" or variants thereof. 626
18. The impact of the appellants' advertising campaign was "quite remarkable"; nearly every witness called recalled the television advertisements and many recalled the slogan "a great squash like the pubs used to make", although not all witnesses associated that slogan with the appellants. 633
19. Even by the early months of 1975 "Solo" had attained in New South Wales and elsewhere a significant level

of recognition and acceptance amongst persons accustomed to buying soft drinks. At that time no drink like "Solo" was or had been marketed in Australia by any person other than one or more of the appellants.

20. The advertising expenditure incurred by the appellants in the years 1973, 1974 and 1975 is set forth in the following table:

TABLE OF ADVERTISING EXPENDITURE

	<u>1973</u>	<u>1974</u>	<u>1975</u>
Radio	8,539	56,659	161,890
T.V.	28,800	243,277	419,602
Cinema	-	-	1,476
Newspapers & Magazines	-	-	79,792
	<u>\$37,339</u>	<u>\$334,868</u>	<u>\$662,760</u>

From Ex-E not included in printed record but see 628, 630, 631

21. Sales of "Solo" during those years were as set forth in the following table:

TABLE OF SALES OF "SOLO" PER 1,000 DOZEN

	<u>1973</u>	<u>1974</u>	<u>1975</u>
Victoria	327	1,294	1,834
N.S.W. & Northern Territory	72	574	2,799
All Australia	455	2,256	6,081

From Ex-K not included in printed record but see 629, 632

22. By August of 1974 or earlier the respondent (contrary to the evidence of its officers to the opposite effect):-

	record
(a) had become aware of the successful launch of "Solo" in Victoria and of the sale of "Solo" in southern New South Wales;	732
(b) was aware of the advertising campaign associated with the launch;	714
(c) appreciated the probability that the Victorian launch would be followed by a large scale launch of "Solo" upon the New South Wales market.	733
23. Between August and September of 1974 the respondent was engaged in testing "Solo" with a view to ascertaining its composition and attempting to copy or approximate the acidity content of "Solo".	723 724 723
24. This was done as part of a wider plan on the part of the respondent to take advantage of the appellants' efforts in developing a new product and a market for it.	723-4
25. At the time the art work for the cans and bottles of the respondent's product was being designed, the respondent had a "Solo" can in its possession and that art work represented a deliberate and calculating attempt by the respondent to approximate the "get up" of "Solo" without crossing the dividing line which would lead to a "passing off" of "Pub Squash" as "Solo".	730

26. Each of the following contentions sworn to by officers of the defendant was false:
- (a) That they had it in mind to market a lemon squash drink under the name "Pub Squash" before "Solo" was developed; 708, 730
 - (b) That they intended that the company marketing the product would have as its name "Pub Squash"; 708, 730
 - (c) That "Pub Squash" was developed independently of and in ignorance of the existence of "Solo"; 713, 732
 - (d) The packaging for "Pub Squash" was developed independently of and in ignorance of the existence of "Solo"; 730
27. The advertising campaign for the respondent's product commenced on 24th April 1975. In contrast to the national launch of "Solo", it was low key. 641
28. Although there were features or effects common to the appellants' commercials and those of the respondent there was no conscious copying in that respect. 639
732
29. Full scale production of "Pub Squash" occurred in June or July of 1975 after a small scale production run on 8th April 1975. 640
30. There were cases in which persons seeking to buy "Solo" either selected or were given "Pub Squash". 668-9
31. In 1976 sales of "Solo" fell significantly because of 648

competition (a word which his Honour said he used in a neutral sense) provided principally by the respondent, but also by other products which had been introduced to the market. Total sales fell from 6,081 to 5,121 thousand dozen whilst sales in New South Wales (and the Northern Territory) fell from 2,799 to 1,868 thousand dozen.

32. From September 1976 the appellants ceased to employ the slogan "Those great lemon squashes the pubs used to make" or variants thereof. 647

33. The Conclusions Drawn. The first conclusion:
His Honour was not persuaded that any of the variants upon the phrase "Those great old squashes like the pubs used to make" were at the date of the institution of the proceedings generally associated with "Solo" because: 667

(a) Some of the "confusion witnesses" associated the slogan with the plaintiff and others with the defendant. 667

(b) In television advertising the audio "content" of an advertisement tends to have less impact than the visual image. 668

(c) The slogan is essentially descriptive of the type of product advertised; it does not itself identify or denote the origin of the product being advertised. 668

Accordingly, in selling its product under the name "Pub Squash" or "Pub Soda Squash" the respondent was not guilty of passing off.

34. The second conclusion: The respondent was not guilty of passing off based upon the similarity in the get up of the packages in which "Solo" and "Pub Squash" were offered for sale, because in most, although not in all cases, in which there had been initially a wrong selection by a customer or the wrong product offered by the shopkeeper, the error was recognised before the purchase had been completed. It therefore followed that the respondent had sufficiently differentiated its product from that of the appellants.

673

35. The third conclusion: The circumstances that the respondent deliberately and with fraudulent intent set out to compete with the appellants in the manner referred to in paragraph 6, and in fact put that plan into successful execution, did not give rise to a cause of action in the appellants, if the appellants were otherwise unable to make out a case of passing off.

B. CONTENTIONS TO BE URGED BY THE APPELLANTS

36. Preliminary. The appellants accept Powell J's statement of the general principles of passing off, with

658-664

one important qualification dealt with in paragraph 37 following. They respectfully submit, however, that the error dealt with in that qualification together with errors in his application of the law to the primary facts found by him led him to the wrong conclusions. The errors in drawing conclusions flowed from his Honour's fragmentation of his approach to the facts. The two chief instances of this are:

- (a) in considering the aspects of the appellants' case relating to slogan and get up, he took each separately and concluded that neither, separately, amounted to passing off. It is submitted that had he taken them together he must have reached a different result. 667
668-673
- (b) that already mentioned in paragraph 5 above.

37. The Appellants' Submission with respect to the first conclusion (Para. 33): If and in so far as his Honour's conclusion was influenced by his finding that the relevant date for determining whether or not a plaintiff had established the necessary goodwill or reputation is the date of commencement of the proceedings, his Honour erred in principle. The relevant date for the purpose of determining whether the respondent's activities infringed the appellants' rights is the date of commencement of the conduct 661

complained of on the part of the respondent -
Norman Kark Publications Ltd. -v- Odhams Press Ltd.
(1962) R.P.C. 163.

38. The question which falls for determination by reference to that date was expressed by the House of Lords in Office Cleaning Services Ltd. -v- Westminster Window & General Cleaners Ltd. (1946) 63 R.P.C. 39, 42, in terms of that case to be:

"Have the Appellants proved that the use by the Respondents of the trading style "Office Cleaning Association" is calculated to lead to the belief that their business is the business of the Appellants? It is in these words "calculated to lead to the belief" that the issue lies. It is a calculation often difficult to make as the different estimates in the Court below in this case indicate. The nature of the words which are used in the trade name, the circumstances and peculiarities of the trade, the motives proved or presumed, of the trader who would use the words, all these and many other factors must be considered by the judge in determining whether a Plaintiff can succeed in his claim. It is a question upon which the judge who has to decide the case has to bring his own mind to bear and which he has to decide for

himself (see Parker J., in British Vacuum Cleaner Co. Ltd. -v- New Vacuum Cleaner Co. Ltd. (1907) 2 Chancery 312 at p. 326). But instances of actual deception will be given their due weight."

39. It follows from his Honour's findings that the respondent and its officers believed that the appellants' advertising had achieved a sufficient level of recognition in the minds of the public to make it commercially worth while for the defendant to appropriate the benefit of that advertising campaign, and the public recognition which it engendered, for itself.

40. That the respondent's belief accorded with the objective fact is demonstrated (inter alia) by the evidence:

- (a) of G.J. Gooden to the effect that until the day prior to giving his evidence he was under the impression that "Solo" and "Pub Squash" were manufactured by the same company. 109/15
- (b) of Steven Healy that he assumed that they were manufactured by the same company. 163/17
- (c) of Maureen Bourke who used to live in Albury (which is generally supplied from Victoria), who moved to Wagga (which is generally supplied from New South Wales) and there purchased 377/30

"Pub Squash" and "thought it was the New South Wales side of "Solo"".

(d) of David Glanville who believed for a period of six months that both products came from the same manufacturer. 279, 278

41. His Honour did not indicate that he did not accept or even had any reservations about the evidence given by the "confusion witnesses" called by the appellants. 664
 Hence the question of what are the conclusions to be drawn from that evidence may be answered as readily by an appellate tribunal as at first instance. 666

42. The circumstance that some of the "confusion witnesses" recalled the appellants' advertising, and the slogan, yet, at the date of the hearing, associated the slogan with the respondent's product, strengthens rather than detracts from the appellants' submission that it was at the relevant date associated by them with the appellants' product because: 667

(a) from December 1973 to the middle of 1975 the appellants alone used that slogan and during that period there was no product to which the advertising or the slogan could apply other than that of the appellants.

(b) the appellants ceased to use the slogan in September of 1976 in consequence of the respondent's activities;

- (c) the respondent has never used the slogan as such;
- (d) persons, who at the time of the trial, recalled the slogan can only have heard it in conjunction with the appellants' advertising, but have been induced by the respondent's adoption of the name "Pub Squash", or by the packaging of its product, to associate that advertising with the respondent's product.

43. In addition, his Honour had available to him, but made no reference to the evidence of Dr. Glaser, a behavioural scientist, to the effect that persons seeing the appellants' advertisement, which in his view had a particular quality, would be likely to remember the product being advertised. 580

44. Accordingly, it is submitted that his Honour:

- (i) because he did not direct himself to finding the facts concerning the association between the appellants' product and their "get up" advertising and slogan as at the time when the respondent began to sell its product in competition with that of the appellants, and
- (ii) because he did not take into account the fact (found by him later in his judgment in regard to unfair trading) that the respondent set out to appropriate for itself the benefit of the

appellants' advertising campaign and packaging of its product (cf Brestian -v- Try (1958) R.P.C. 161),

- (a) wrongly assessed the conclusions to be drawn from the evidence of the "confusion witnesses";
- (b) concluded that the appellants had not established the requisite reputation in the name "Pub Squash" before he proceeded to consider the respondent's motive and purpose in adopting "Pub Squash" as the name for its product.

45. The respondent acts as an expert witness against itself; its motive for and purpose in adopting the name "Pub Squash" and the particular packaging of its product, are powerful evidence of the existence at the time when it decided to adopt the name and the "get up", of the requisite reputation in the appellants and of the likelihood of deception. Cases such as Slazenger -v- Feltham (1889) 6 R.P.C. 531, 538; Claudius Ash & Sons Ltd. -v- Invicta Manufacturing Co. Limited (1911) 28 R.P.C. 597, 603; Harrods Limited -v- R. Harrod Limited (1923) 41 R.P.C. 74; Society of Motor Manufacturers -v- Motor Manufacturers & Insurance Co. (1925) 1 Ch. 675; Australia Woollen Mills Ltd. -v- F.S. Walton & Co. Ltd. 58 C.L.R. 641 at 657;

Plomien Fuel Economiser Coy. Ltd. -v- National School of Salesmanship Ltd. 60 R.P.C. 209, indicate that the Courts will readily draw the inference that a person who sets out to deceive will succeed in doing so, and will also draw the inference that such a person had a sensible purpose in so doing, namely to appropriate something in existence, in this case the goodwill generated by the advertising and the get up and sales campaign generally.

46. The Appellants' Submissions with respect to the second conclusion (para. 34). His Honour found that there had been cases where persons seeking to buy "Solo" had either selected or been given "Pub Squash" but in most, though not all cases, the error had been recognised before completion of the purchase.
47. The applicable principles are set forth in Cordes -v- R. Adler & Son (1923) 40 R.P.C. 133, as follows:
- "The necessary similarity of a common article increases the risk of deception; ... and it behoves manufacturers, in putting their products on the market, to be careful to avoid adopting any factors or elements which may be likely to confuse their article with the almost exactly similar article put on the market by another manufacturer." (at 139)

48. The appellants submit that the get up of the respondent's product cannot be considered in isolation from the appellants' advertising, and that there was added by the respondent to a product already very similarly got up to that of the appellant, a name calculated not to distinguish the two products, but in all the circumstances to confuse them.
49. Appellants' Submissions with respect to the third conclusion (Para. 35): In its simplest form the appellants' case is that:
- (a) on the facts which the appellants contend are properly to be inferred from Powell J.'s primary findings of fact the appellants established against the respondent that form of the actionable wrong of unfair trading known as passing off;
 - (b) that on any less favourable view of the facts to be derived from Powell J.'s judgment they established some other form of that same actionable wrong.
50. Just what the position in English law is in regard to unfair trading has been a matter of learned discussion for many years. One article which analysed the position in English law in some detail (with some reference to United States law) and which is still useful today, was "Unfair Competition and Passing Off" written by

Professor Morison and published in 3 Sydney Law Review (at 50). In it he noted the use of the phrase "unfair competition" in certain 19th century English cases, the growth of doctrine under the name unfair competition in the United States and the supposed greater flexibility of the American approach when compared with the English law of passing off. His examination of a number of English cases supported the view that the law of passing off was much more flexible than commonly supposed (at 58) that in some respects the law was in a state of suspense between expansive and restrictive views (at 59) and indeed that on one view International News Service -v- Associated Press (1918) 248 U.S. 215 (a primary unfair competition case in the U.S.) falls within the scope of passing off (at 65). Professor Morison's views have been shown by cases decided since his article was published to have anticipated some subsequent developments, and demonstrate that it may be difficult by reference to the facts of the present case to differentiate sharply between unfair competition and passing off.

51. In the United States the International News Service case (supra) has been taken as authority by the Supreme Courts of many of the States for the proposition that there is a form of unfair trading, which is actionable, termed "misappropriation" which is proved upon establishing three elements:

- (a) Plaintiff has made a substantial investment of time, effort and money in creating the thing misappropriated such that the court can regard what is misappropriated as a kind of property right;
- (b) Defendant has made his appropriation at little or no cost, justifying the court in describing the defendant's action as "reaping where it has not sown" (a quotation from the International News Service case).
- (c) Defendant has injured plaintiff by the misappropriation.

(see "Trademarks and Unfair Competition" by J. Thomas McCarthy, New York, 1973, Vol 1 at 322).

Some Federal Courts have resisted the doctrine, and have sought to limit the application of the International News Service case to its own facts (McCarthy, *ibid*, Vol 1 at 322-334). The development of the doctrine has been affected in the United States by constitutional questions which have no counterpart in England and have not manifested themselves in Australia.

52. The point of present relevance is that in many States of the United States cases have been decided in favour of plaintiffs upon the basis of unfair trading doctrines. A comparatively recent example of a party

succeeding upon a cause of action described by the Court (a Federal Court at that) as "unfair competition", in a factual situation with some resemblance to the present case is Chemical Corporation of America -v- Anheuser-Busch Inc. 306 Federal Reporter (2nd Series) 433, a decision of the United States Court of Appeals, Fifth Circuit. In that case the plaintiff, Anheuser-Busch Inc. was the maker of Budweiser beer and had in the course of advertising very extensively and over a long period used the slogan "Where there's life ... there's Bud". The plaintiff succeeded in obtaining an injunction restraining Chemical Corporation of America from using in its advertising of a product consisting of a floor wax and insecticide a slogan "Where there's life ... there's bugs".

53. Part of the judgment on appeal was as follows:

"The gist of this action is that the Plaintiff has a property interest in the slogan, built up at great expense and that it and its products are favourably known as a result of its use of this property right and that the defendant, with full knowledge of the right and with the purpose of appropriating some of the value engendered in the minds of the public by its use has used, and proposes further to make use of a deceptively similar slogan in a manner that will bring direct financial loss to the Plaintiff, both by reason of confusing the source of the Defendant's product, and by reason of the peculiarly unwholesome association of ideas when the word "bugs" was substituted in the slogan for the word "Bud", referring to a food product ... Upon consideration of this theory of the case, the trial court considered it as an action for unfair competition and said;

"The defendant urges that since its floor wax and plaintiff's beer are not competitive products that plaintiff is, therefore, denied protection otherwise plainly available to it under well defined standards of unfair competition. This, the court finds to be a misapplication of the equitable doctrine of unfair competition. Parties need not be in direct competition for the doctrine to be effective. Bulova Watch Co. Inc. -v- Stoltzberg 69 F.Supp. 543 (D.C. Mass. 1947). It was the basic unfairness in the commercial world of which this court took cognizance."

We think this view by the trial court is amply supported by the decisions of the Florida Courts showing a great concern for the rights of a person who after establishing a substantial market by an expensive advertising campaign and otherwise enjoying an established business identified with the name, slogan or other attribute of good will, is then damaged by the use of another of his name or slogan." (at 437)

54. Two further relevant passages follow:

"This court has held ... that "the law of that State (Florida) applicable to claims of and protection from unfair competition are to the same effect as those prevailing in American jurisprudence generally". Our research indicates that this is as true today as it was when that decision was written in 1951" (at 438).

"We are aware of the fact that the Court should not be swayed by its instinctive reaction upon reading the record that this is a brazen and cheap effort by the defendant below to capitalise on the goodwill created by the tremendous expenditure in advertising by the plaintiff. This, of course, is not enough to warrant the grant of relief, but any conduct that is of such a nature as to fairly reek with unfairness and a callous indifference to the damage that might occur to others from the action taken by it will naturally be examined most carefully by a trial court and by an appellate court whose duty it is to determine whether such conduct falls afoul of any established legal principles. Finding, as we do, the liberal trend in the equity courts of the State of Florida, towards the protection of trade names and slogans from unfair attacks by others,

we are not reluctant to conclude that what is here morally reprehensible is also legally impermissible. We conclude that the trial court was fully authorised in the entering of the final injunction against the continuing of such unfair practices by the appellant." (at 438)

55. In England there has been discussion in recent times in a number of cases of the possible existence of a tort of unfair trading having a wider field of application than passing off. These cases have made some reference to the doctrine in the United States, without coming to firm conclusions about the basis in principle of the law in England. These cases were referred to by Powell J. in his judgment. Since that judgment the decision of the House of Lords in Erven Warnink Besloten Vennootschap & Ors -v- J. Townsend & Sons (Hull) Limited & Ors (1979) 3 W.L.R. 68 ("the Advocaat case") has been handed down. In it Lord Diplock said (at 73):

"Unfair trading as a wrong actionable at the suit of other traders who thereby suffer loss of business or goodwill may take a variety of forms, to some of which separate labels have become attached in English law.

.....

The forms that unfair trading takes will alter with the ways in which trade is carried on and business reputation and goodwill acquired."

56. In the previous paragraph of his speech (at 72) his Lordship had said of the facts of the case before the House that:

"They seem to me to disclose a case of unfair, not to say dishonest, trading of a kind for which a rational system of law ought to provide a remedy to other traders whose business or goodwill is injured by it."

57. Lord Diplock (at 76) appears to have indicated that the decision Pillsbury-Washburn Flour Mills Co. -v- Eagle (1898) 86 Fed. 608 in the United States of America was an acceptable statement of the relevant law for the purposes of equivalent situations in England. This case is regarded in the United States as a false advertising case, which it is submitted, would be regarded in England as another of the varieties of unfair trading spoken of by Lord Diplock.

58. In Australia Powell J. noted there has been discussion in the cases albeit inconclusive of a tort of unfair competition. In the appellants' submission the cases 677-8 referred to by his Honour went somewhat further than he recognised.

59. The High Court in Australia has recognised a general principle which is closely related to that mentioned by Lord Diplock and cited in paragraph 55 above. In Beaudesert Shire Council -v- Smith 120 C.L.R. 145 the High Court reviewed the development of the action upon the case and said:

"There is, therefore a solid body of authority which protects one person's lawful activities from the deliberate, unlawful and positive acts of another. It is not, however, possible to adopt a principle wide enough to afford protection in all circumstances of loss to one person flowing from a breach of the law by another, for regard must be had to the limitations which the law has placed upon the right of a person injured by reason of another's breach of a statutory duty to recover damages for his injury. Bearing this in mind, it appears that the authorities cited to justify a proposition that, independently of trespass, negligence or nuisance but by an action for damages upon the case, a person who suffers harm or loss as the inevitable consequence of the unlawful, intentional and positive acts of another is entitled to recover damages from that other. It may be that a wider proposition could be justified ..." (at 155-6).

The appellants refer to this formulation because it

may well be that it is the same principle referred to by Lord Diplock and cited in paragraph 55 above stated in reference to a different subject matter. If so, the appellants submit that the respondent's activities were intentional and positive acts which would inevitably result in loss to the appellants and which were unlawful in that they were intentionally designed to cause prospective purchasers of lemon squashes to believe that the respondent's product was the product which had been extensively advertised on radio, television and elsewhere, whether or not that advertising had resulted in the slogan becoming distinctive of the appellants' product.

60. A further reason for referring to Beaudesert Shire Council -v- Smith (supra) is that in that case the High Court, like Lord Diplock in the Advocaat case (supra), points to the difficulty of describing the genus of which a particular cause of action is a species. Nevertheless the cases cited from England, the United States and Australia, all show a willingness on the part of the courts to apply broad general principles to the facts of particular cases which appear to call for such application notwithstanding that a case of that particular type has not previously been expressly recognised as giving a cause of action.

61. In the present case the appellants expended labour, skill and money in promoting their product as being a lemon squash like the pubs used to make. Powell J. found that such promotion did not result in the slogan becoming distinctive of the appellants' product amongst those concerned to buy goods of the type in question, hence, there was no relevant misrepresentation. For the reasons already advanced more particularly in paragraphs 37 to 46 above the appellants submit this finding was erroneous. Even if Powell J.'s finding be not disturbed however, he accepted evidence the only conclusion from which is that the appellants advertising campaign and slogan had had a real impact on a number of people as at April 1975. On the basis of that and the other facts found by Powell J. it is submitted that the law will afford a remedy in this case.
62. The activities of the respondent savour of unjust enrichment in that they sought to derive for themselves the benefit of the appellants' expenditure of labour skill and money even though that expenditure, on his Honour's findings, did not result in the slogan becoming distinctive of the appellants' goods. The respondent's activities were of that sharp and underhand kind regarded by Needham J. in Hexagon -v- A.B.C. (1976) R.P.C. 628 (a case in the New South Wales

Supreme Court) as being essential ingredients of unfair competition. It is submitted that they satisfied Lord Diplock's description (already quoted in paragraph 55 supra) viz:

"a case of unfair, not to say dishonest, trading of a kind for which a rational system of law ought to provide a remedy to other traders whose business or goodwill is injured by it."

63. Even if it be a correct finding of fact to say that the respondent's activities did not involve misrepresentation they nonetheless involved deliberate appropriation of the benefit of the appellants' efforts in the development of its product. That those efforts may not have resulted in the slogan becoming "distinctive" of the appellants' goods in the sense in which that word is used in many passing off cases, does not mean that they failed to produce a commercial benefit to the appellants which, although intangible, was nonetheless of considerable value to them.
64. The respondent was not content to imitate the appellants, as perhaps it could have done by marketing a lemon squash under a distinctive name, and in claiming in relation to that squash that it also was like the lemon squashes the pubs used to make; the only conclusion which it is submitted follows from his Honour's findings is that the respondent passed from

imitation into appropriation. It may properly be said of the respondent, echoing words quoted in paragraph 51 above: it has reaped where it has not sown, and appropriated the harvest of those who have sown.

65. By calling its product "Pub Squash" the respondent represented to those to whom it was offered for sale that it was the product referred to in the appellants' television advertisements, or otherwise that it was the product referred to in the slogan:

"One of those great lemon squashes like the pubs used to make".

That representation was made knowingly and with the intention that prospective purchasers should believe that the respondent's product was the product referred to in the appellants' advertisement in either of the manners referred to above.

66. Final Submission:- Whatever difficulties may exist in defining the limits of actionable unfair competition, where, as in this case, a defendant's activities smack of the sharp and the underhand, involving unjust enrichment arising from the appropriation of the labour and expenditure of a competitor, that conduct will readily be held to disclose a case of unfair or dishonest trading of a kind for which a rational system of law ought to and does provide a remedy to other traders whose business or goodwill is injured by it.

C. REASONS OF APPEAL

67. The appellants submit that his Honour erred in law in holding they had no cause of action, and should have held that they did have a cause of action for the reasons set out in Section B of this Case, which are summarized as follows:

- (a) His Honour erred in law in failing to find that a case of passing off had been established against the respondent.
- (b) On the facts as found by him his Honour should have concluded a case of passing off had been established against the respondent.
- (c) On the primary facts found by him the only inferences open to his Honour were such as to require the conclusion that a case of passing off had been established against the respondent.
- (d) His Honour erred in law in failing to find that a case of unfair trading had been established against the respondent.
- (e) On the facts found by his Honour a case of unfair trading should have been found against the respondent.

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L.J. Priestley

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P.G. Hely